

SEC. 537. REQUIRED CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

(a) In General.--Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by the preceding

[[Page 112 STAT. 2589]]

provisions of this Act, is further amended by adding at the end the following new section:

``SEC. 33. <<NOTE: 42 USC 1437z-5.>> REQUIRED CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

``(a) Identification of Units.--Each public housing agency shall identify all public housing projects of the public housing agency that meet all of the following requirements:

``(1) The project is on the same or contiguous sites.

``(2) <<NOTE: Guidelines.>> The project is determined by the public housing agency to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall take into account the criteria established in the Final Report of the National Commission on Severely Distressed Public Housing (August 1992).

``(3) The project--

``(A) is identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; or

``(B) has an estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing that exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

``(b) Consultation.--Each public housing agency shall consult with the appropriate public housing residents and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

``(c) Plan for Removal of Units From Inventories of PHA's.--

``(1) Development.--Each public housing agency shall develop and carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a) from the inventory of the public housing agency and the annual contributions contract.

``(2) Approval.--Each plan required under paragraph (1) shall--

``(A) be included as part of the public housing agency plan;

- ``(B) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and
- ``(C) include a description of any disposition and demolition plan for the public housing units.
- ``(3) Extensions.--The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.
- ``(4) Review by secretary.--
 - ``(A) Failure to identify projects.--If the Secretary determines, based on a plan submitted under this subsection, that a public housing agency has failed to identify 1 or more public housing projects that the Secretary determines should have been identified under subsection (a), the Secretary may designate the public housing projects to be removed from the inventory of the public housing agency pursuant to this section.
 - ``(B) Erroneous identification of projects.--If the Secretary determines, based on a plan submitted under this subsection, that a public housing agency has identified 1 or more public housing projects that should not have been identified pursuant to subsection (a), the Secretary shall--
 - ``(i) require the public housing agency to revise the plan of the public housing agency under this subsection; and
 - ``(ii) prohibit the removal of any such public housing project from the inventory of the public housing agency under this section.
- ``(d) Conversion to Tenant-Based Assistance.--
 - ``(1) In general.--To the extent approved in advance in appropriations Acts, the Secretary shall make budget authority available to a public housing agency to provide assistance under this Act to families residing in any public housing project that, pursuant to this section, is removed from the inventory of the agency and the annual contributions contract of the agency.
 - ``(2) Conversion requirements.--Each agency carrying out a plan under subsection (c) for removal of public housing dwelling units from the inventory of the agency shall--
 - ``(A) <<NOTE: Notification.>> notify each family residing in a public housing project to be converted under the plan 90 days prior to the displacement date, except in cases of imminent threat to health or safety, consistent with any guidelines issued by the Secretary governing such notifications, that--
 - ``(i) the public housing project will be removed from the inventory of the public housing agency; and
 - ``(ii) each family displaced by such action will be offered comparable housing--
 - ``(I) that meets housing quality standards; and
 - ``(II) which may include--
 - ``(aa) tenant-based

assistance, except that the requirement under this clause regarding offering of comparable housing shall be fulfilled by use of tenant-based assistance only upon the relocation of such family into such housing;

``(bb) project-based assistance; or

``(cc) occupancy in a unit operated or assisted by the public housing agency at a rental rate paid by the family that is comparable to the rental rate applicable to the unit from which the family is vacated.

``(B) provide any necessary counseling for families displaced by such action;

``(C) ensure that, if the project (or portion) converted is used as housing after such conversion, each resident may choose to remain in their dwelling unit in the project and use the tenant-based assistance toward rent for that unit;

``(D) ensure that each displaced resident is offered comparable housing in accordance with the notice under subparagraph (A); and

``(E) provide any actual and reasonable relocation expenses for families displaced by such action.

``(e) Cessation of Unnecessary Spending.--Notwithstanding any other provision of law, if, in the determination of the Secretary, a project or projects of a public housing agency meet or are likely to meet the criteria set forth in subsection (a), the Secretary may direct the agency to cease additional spending in connection with such project or projects until the Secretary determines or approves an appropriate course of action with respect to such project or projects under this section, except to the extent that failure to expend such amounts would endanger the health or safety of residents in the project or projects.

``(f) Use of Budget Authority.--Notwithstanding any other provision of law, if a project or projects are identified pursuant to subsection (a), the Secretary may authorize or direct the transfer, to the tenant-based assistance program of such agency or to appropriate site revitalization or other capital improvements approved by the Secretary, of--

``(1) in the case of an agency receiving assistance under the comprehensive improvement assistance program, any amounts obligated by the Secretary for the modernization of such project or projects pursuant to section 14 of the United States Housing Act of 1937 (as in effect immediately before the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998);

``(2) in the case of an agency receiving public housing modernization assistance by formula pursuant to such section 14, any amounts provided to the agency which are attributable pursuant to the formula for allocating such assistance to such project or projects;

``(3) in the case of an agency receiving assistance for the

major reconstruction of obsolete projects, any amounts obligated by the Secretary for the major reconstruction of such project or projects pursuant to section 5(j)(2) of the United States Housing Act of 1937, as in effect immediately before the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998; and

((4) in the case of an agency receiving assistance pursuant to the formulas under section 9, any amounts provided to the agency which are attributable pursuant to the formulas for allocating such assistance to such project or projects.

((g) Removal by Secretary.--The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

((h) Administration.--

((1) In general.--The Secretary may require a public housing agency to provide to the Secretary or to public housing residents such information as the Secretary considers to be necessary for the administration of this section.

((2) Applicability of section 18.--Section 18 shall not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.').

(b) Conforming Amendment.--Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) is repealed.

(c) <<NOTE: 42 USC 1437z-5 note.>> Transition.--

(1) Use of amounts.--Any amounts made available to a public housing agency to carry out section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (enacted as section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134; 110 Stat. 1321-279)) may be used, to the extent or in such amounts as are or have been provided in advance in appropriation Acts, to carry out section 33 of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) Savings <<NOTE: Applicability.>> provision.--Notwithstanding the amendments made by this section, section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) and any regulations implementing such section, as in effect immediately before the enactment of this Act, shall continue to apply to public housing developments identified by the Secretary or a public housing agency for conversion pursuant to that section or for assessment of whether such conversion is required prior to enactment of this Act.